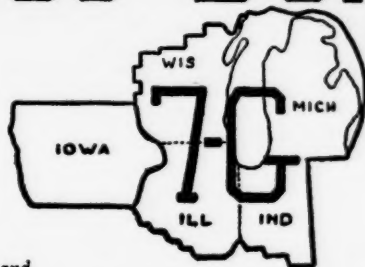


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# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

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## GENERAL SUMMARY

ALTHOUGH, as is usual for the month, a declining trend prevailed during November in the majority of manufacturing and some merchandising groups, business activity in the Seventh district continued at levels substantially above those of last year. Certain food-producing industries again furnished exceptions to the trend as compared with a year ago.

Further expansion took place in automobile production and activity at steel mills was well maintained through November—two major industries to show counter-seasonal trends. Output of steel and malleable castings, however, building construction and the movement of materials, and orders and shipments by furniture manufacturers all declined as is customary in November.

Recessions from October were recorded in all reporting food-producing industries, production and sales of packing-house commodities, of butter, and of Wisconsin cheese being smaller in November than a month previous. As compared with last November, the manufacture and distribution of cheese were heavier, as were dollar sales of meat-packing products, but other phases showed declines. The movement of wheat remained below average in November, and reshipments were less than receipts; the movement of oats also was smaller than usual. The marketing of corn, on the other hand, expanded sharply in the month. The autumn crop of pigs in the Seventh district is indicated as being 15 to 20 per cent heavier on December 1 than a year earlier. Dairy herds were somewhat under a

year ago. The supply of hogs for winter and spring marketing was about 8 per cent under that of December 1, 1934, while the number of beef cattle totaled approximately 7 per cent larger. Crop conditions on December 1 this year were only fair.

Wholesale trade in the Seventh district showed varied trends: grocery sales recorded a greater than seasonal recession and were under a year ago; the decrease in the drug trade was normal and that in hardware smaller than usual; while electrical supply sales increased slightly, contrary to trend. This last group and the hardware trade experienced substantial gains over last November. Department store sales increased counter-seasonally in November and the gain over a year ago was the largest in this comparison since December 1934. The increases over last year in the retail shoe and furniture trades also were heavy. Chain store trade was larger than either a month or a year previous.

Total loans and investments of reporting member banks in the district rose moderately between November 20 and December 18, as loans increased somewhat and holdings of U. S. Government direct obligations expanded, although holdings of obligations guaranteed by the Government declined as did those of other securities; deposits, notably time, gained in the period. Demand for currency in the Seventh district expanded seasonally. A further gain was recorded in November over October in new financing by means of bankers' acceptances, and commercial paper sales by dealers increased counter-seasonally in the month.

## FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	CHANGE FROM		
	DECEMBER 18, 1935	NOVEMBER 20, 1935	DECEMBER 19, 1934
Total Bills and Securities	\$ 358.7	\$ +0.5	\$ -71.3
Bills Discounted	0.6	+0.5	+0.5
Bills Bought	0.6	0	-0.2
U. S. Government Securities	355.7	0	-72.7
Total Reserves	1,465.2	+68.2	+366.4
Total Deposits	945.3	+51.9	+234.0
Federal Reserve Notes in Circulation	842.9	+20.3	+55.1
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined	81.9	+0.5*	+8.7*

\*Number of points.

## Credit Conditions and Money Rates

During the four-week period—November 20 to December 18—there was a net inflow of almost 58 million dollars to the Seventh Federal Reserve district because of commercial and financial transactions, which together with an increase of about 3½ millions in reserve bank credit extended locally was the principal factor increasing the supply of Seventh district banking reserves. These additions, however, were offset by an excess of local Treasury collections over disbursements of approximately 37 millions

and a seasonal gain of 25 million dollars in demand for currency, so that member bank reserve balances showed little change in the period. The accompanying tabulation gives in detail all changes in the sources and uses of Seventh district banking reserves.

#### Changes between November 20 and December 18 in Factors Affecting Use of Federal Reserve Bank Funds—Seventh District

(Amounts in thousands of dollars)

Reserve bank credit extended (exclusive of amounts to other districts).....	+3,408
Commercial operations through inter-district settlements.....	+57,919
Treasury and National bank currency.....	+694
<b>Total supply.....</b>	<b>+62,021</b>
Demand for currency.....	+25,026
Member bank reserve balances.....	+100
Treasury cash and deposits at Federal Reserve Bank of Chicago..	+37,295
Special and "all other" deposits.....	-701
Other Federal Reserve accounts.....	+301
<b>Total demand.....</b>	<b>+62,021</b>

Money rates have continued at low levels. Customers' commercial loans were quoted at  $1\frac{1}{2}$  to 5 per cent by down-town Chicago banks for the week ended December 15, unchanged from the corresponding week in November. The average rate earned on loans and discounts by down-town Chicago banks during the calendar month of November was reported as 2.92 per cent, compared with 2.85 in October and with 2.96 in November 1934. In Detroit, customers' commercial loans were reported by down-town banks in that city as carrying a range of 3 to 5 per cent in the week ended December 15, as compared with  $3\frac{1}{2}$  to 5 per cent in the week of November 15.

Following a decline of more than 18 per cent in October, dealer sales of commercial paper in the Middle West registered a counter-seasonal gain in November amounting to 27 per cent and were only one per cent below the corresponding month of last year. Also, the recession of 46 per cent from the 1925-34 average for the month was less pronounced than in a similar comparison for October. This improved condition mainly reflected an increase in borrowing as well as a heavier investment demand from both city and country banks. Rates during November for prime short-term obligations ranged from  $\frac{1}{2}$  to  $\frac{3}{4}$  per cent and the bulk of sales took place at  $\frac{3}{4}$  per cent, unchanged from a month earlier; for less well-known paper, however, the range was narrowed somewhat, being currently quoted at  $\frac{5}{8}$  to 1 per cent. Outstandings at the close of the month aggregated  $4\frac{1}{2}$  per cent greater than at the end of October, which increase compares with a usual slight decline for the period. Sales of commercial paper during the first two weeks of December increased 14 per cent over those in the first half of November.

#### CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

	DECEMBER 18, 1935	CHANGE FROM NOVEMBER 20, 1935	19, 1934
Total loans and investments.....	\$2,707	\$+36	\$+329
Total loans on securities.....	251	+5	-59
To brokers and dealers:			
In New York.....	1	0	-40
Outside New York.....	33	+6	+5
To others (except banks).....	217	-1	-24
Acceptances and commercial paper bought.....	31	0	-52
Loans on real estate.....	65	0	-8
Loans to banks.....	10	0	-2
Other loans.....	349	+14	+43
U. S. Government direct obligations.....	1,515	+39	+364
Obligations fully guaranteed by U. S. Government.....	147	-14	+33
Other securities.....	339	-8	+10
Demand deposits—adjusted.....	2,097	+5	+368
Time deposits.....	755	+16	+95
Borrowings.....	0	0	0

Receipts of acceptances from Eastern offices by dealers in the Chicago bill market totaled  $35\frac{1}{2}$  per cent less during the period November 14 to December 11 than the limited volume of the preceding four weeks, and although local purchases of acceptances were somewhat greater in the comparison, the total supply of bills declined. Distribution also was below that of the preceding period, the result of a decline in sales to out-of-town banks, which were at the lowest point since the period June 13 to July 10 of this year and offset negligible gains in sales to local banks and shipments to other cities. Rates remained unchanged during the four weeks, ranging from  $\frac{1}{8}$  to  $\frac{3}{16}$  per cent.

New financing by means of bankers' acceptances in the Seventh Federal Reserve district showed further expansion in November over October and was in the largest volume since February. This improvement was reflected in increased discounting of these bills at the originating banks, so that total purchases exceeded those of any month since July, though buying of other banks' acceptances declined. Sales were negligible in amount during November. As a result of these trends and despite a slight gain in the volume of maturities during the month, holdings of acceptances on November 30 increased  $5\frac{1}{2}$  per cent over October 31 and were the heaviest since the end of July. Outstandings gained  $8\frac{1}{2}$  per cent over October 31, but were 18 per cent below a year ago and  $57\frac{1}{2}$  per cent under the 1925-34 average for the month. The total value of bills accepted by reporting banks during the first half of December was 40 per cent less than during the corresponding period of the preceding month.

#### TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

	PER CENT CHANGE IN NOVEMBER 1935 FROM OCTOBER 1935	NOVEMBER 1934
Total value of bills accepted.....	+8.0	-28.8
Purchases (including own bills discounted).....	+5.2	-77.1
Sales.....	**	-92.3
Holdings.....	+5.4	-65.4
Liability for outstandings.....	+8.6	-17.8

\*At end of month. \*\*Sales nil in October but \$428,000 in November.

#### SECURITY MARKETS

Rising prices, together with a relatively large volume of new offerings, characterized activity during November in the Chicago bond market. A strong demand for high-grade issues was again evident. The improved demand and upward trend of prices for municipal bonds, which began in the early part of October, continued throughout November, and convertible issues carrying some speculative appeal were also given favor. As in recent months, most of the new underwritings were of the refunding type and all offerings were well received. Institutions are still the heavy buyers of bonds, although according to reports from investment firms in this district the interest of the individual investor appears to be increasing. Narrow fluctuations were shown on the Chicago Stock Exchange during the latter half of November and the first two

#### VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

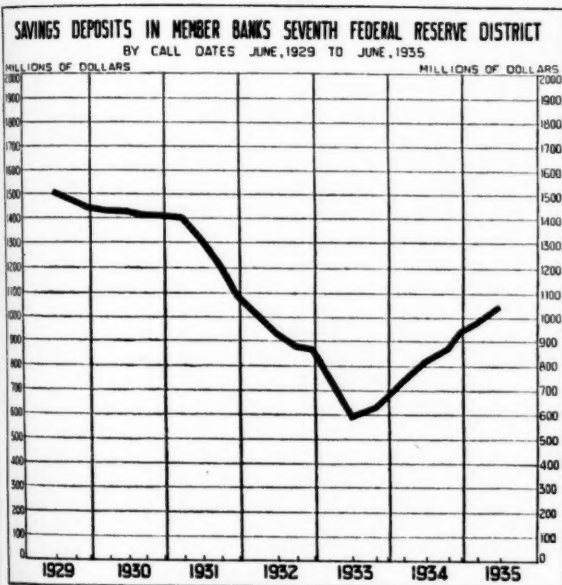
	NOV. 1935	PER CENT OF INCREASE OR DECREASE FROM OCT. 1935	NOV. 1934
Chicago.....	\$2,689	+5.6	+33.0
Detroit.....	782	+7.5	+64.6
Milwaukee.....	229	-2.9	+23.0
Indianapolis.....	162	+2.8	+14.9
Total four larger cities.....	\$3,862	+5.3	+36.8
36 smaller cities.....	658	-2.0	+31.2
Total 40 centers.....	\$4,520	+4.2	+35.9

weeks in December. The average price of twenty leading stocks\* amounting to \$47.15 on December 16, compared with a price of \$46.47 on the corresponding date in November.

\*Chicago Journal of Commerce.

## Savings Deposits of Member Banks, Seventh District

In the accompanying chart are shown the savings deposits of member banks in this district by call dates from June 1929. It will be noted that in June of this year—the latest date for which savings figures are available—savings deposits were approximately half a billion dollars less than at the end of June in 1929, and were at substantially the level reported on December 31, 1931. The lowest aggregate recorded during the period covered by the chart was shown on June 30, 1933, with a total of slightly less than \$600,000,000, since which date the volume has increased without interruption. The maximum volume of savings deposits for member banks in the period was the \$1,509,000,000 reported in the June call of 1929.



## Agricultural Products

December 1 reports received at this bank from agricultural agents in 175 counties indicate that the autumn crop of pigs in the Seventh Federal Reserve district was 15 to 20 per cent greater in 1935 than a year earlier and that most of the gain was attributable to increased farrowings rather than to any marked change in size of litters or in the mortality rate. Attractive prices of beef and an intensive campaign for eradication of Bang's disease apparently have reduced dairy herds to a level somewhat under that of a year ago, but culling is expected to be less extensive this winter than last. The Seventh district supply of hogs for winter and spring marketing is reported to have decreased 8 per cent from December 1, 1934, and that of beef cattle to have increased 7 per cent.

Crop conditions were only fair on December 1. Approximately 76 per cent of the Seventh district corn had been husked by that date and 72 per cent of the crop had

been cribbed. The current reports confirmed earlier expectations of low quality. In most areas, corn was showing high moisture content in the cribs, and agents in a large number of the counties reported more or less deterioration of the grain from mould. Autumn seedings of wheat and rye were approaching winter months in good condition.

## GRAIN MARKETING

Receipts of wheat at interior primary markets in the United States fell off in November to a level 46½ per cent under October and 45½ per cent below the 1925-34 average for the month, but were 54½ per cent in excess of a year ago. Though decreasing only 16½ per cent from October, reshipments of the grain continued smaller than current receipts, were 24½ per cent less than last November, and 52½ per cent under the ten-year average. Imports remained heavier than in the corresponding month of 1934, and exports continued to show a decrease in this comparison. Prices declined from October. Visible supplies of wheat in the United States were reduced less than seasonally on December 14 from November 9, but totaled 44 per cent smaller than the 1925-34 average for the date and 17½ per cent below a year earlier.

The marketing of corn expanded sharply in November. Receipts of the grain at centers of accumulation in the United States increased 102 per cent over October, and were not only above any other month since August 1934 but 128 per cent greater than a year ago and 8 per cent in excess of the 1925-34 average for November. Reshipments rose 88 per cent over October, though aggregating 38 per cent under last November and 26 per cent under the average. Exports remained practically nil. Prices decreased in November from a month earlier. United States visible supplies of corn rose on December 14 over those of mid-November but were in only one-fourth normal volume for this time of year.

Primary market receipts of oats in the United States declined more than is usual in November from October, and were 19 per cent below the 1925-34 average for the month but 60 per cent in excess of a year previous. Reshipments slightly exceeded the volume of current receipts and were 110 per cent above a year ago; however, they totaled 17½ per cent under October and 5½ per cent below the ten-year average. Exports remained negligible, though showing a slight gain over last November. Prices eased in November. Visible supplies of oats in the United States declined on December 14 from the preceding month but were 40 per cent in excess of the 1925-34 average for the date.

## LIVESTOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, November 1935.....	194	442	258	74
Federally Inspected Slaughter, United States November 1935.....	956	2,422	1,407	480
October 1935.....	1,083	2,135	1,765	531
November 1934.....	1,284*	4,312	1,447*	522*

\*Inclusive of slaughter for relief agencies.

## AVERAGE PRICES OF LIVESTOCK

(Per hundred pounds at Chicago)

	WEEK ENDED DEC. 21 1935	NOV. 1935	MONTHS OF OCT. 1935	NOV. 1934
Native Beef Steers (average).....	\$ 9.40	\$10.00	\$10.45	\$7.35
Fat Cows and Heifers.....	6.65	7.30	7.45	4.85
Calves.....	8.50	8.40	8.55	5.35
Hogs (bulk of sales).....	9.45	9.35	9.90	5.60
Lambs.....	11.00	10.50	9.10	6.15



## MOVEMENT OF LIVESTOCK

Receipts of cattle, calves, and lambs at public stockyards in the United States showed a recession which was largely seasonal in November, but hog marketings failed to expand as much as is usual for the month. With the exception of calves, the volume of each decreased from a year ago. Cattle and calf receipts slightly exceeded the 1925-34 November average, but those of hogs and lambs continued to record a marked decline in this comparison. Movement to inspected slaughter—inclusive of animals that did not pass through public stockyards—deviated somewhat from the trend of market receipts: cattle, calf, and lamb supplies remained considerably above the ten-year average for the month, and those of calves declined from a year ago.

Reshipments to feed lots decreased more than a normal amount in November from October but were much larger than a year earlier; the movement of feeder cattle exceeded the 1930-34 November average, while that of calves and lambs decreased in this comparison.

## MEAT PACKING

The production of packing-house commodities at inspected slaughtering establishments in the United States declined 5 per cent in November from October—contrary to the usual tendency—to a level 21½ per cent below the commercial production of a year ago, 29 per cent under total production at that time, and 18 per cent less than the 1925-34 average for the month. The sales tonnage fell off somewhat more than a normal amount from October and was approximately 19 per cent below a year earlier and the ten-year average. Quotations for pork products, veal, and certain cuts of beef averaged lower than in October, but prices of lamb and some good to prime quality beef advanced. The total value of sales billed to domestic and foreign customers decreased 7 per cent from October but was 24 per cent greater than last November and practically equal to the 1925-34 average for the month. Inventories of packing-house commodities in the United States accumulated more than seasonally on December 1 over the beginning of November, though aggregating 473,778,000 pounds smaller than a year earlier and 217,908,000 pounds under the 1930-34 average for the date. Payrolls for the last week in November showed smaller declines from a year ago than had been evidenced a month previous; however, they recorded a recession from October of 1½ per cent in hours worked and of 4 per cent in wage payments, although the number of employees increased 1½ per cent in this comparison.

The aggregate tonnage shipped for export expanded further in November, but many companies reported a decline in this item. An increase in lard forwardings to the United Kingdom constituted the principal gain. Owing to keen competition from European exporters and from other producing countries, British demand was only fair for American lard and relatively weak for most other hog products from the United States. Despite some revival in trade with Germany following the temporary reduction of import duties on fats in that country, trade in packing-house commodities from the United States remained negligible on the European continent. Cuban demand continued light during November. Quotations for American lard in the United Kingdom were nearly equal to Chicago parity but English prices of United States meats were considerably below this parity. Inventories of United States packing-house commodities in foreign markets—

inclusive of stocks in transit—decreased further on December 1.

Importations of animal products into the United States were smaller than in October.

## DAIRY PRODUCTS

Seventh district production of creamery butter declined 21½ per cent in November from October, and was not only 24½ per cent under a year earlier but 12 per cent below the 1925-34 average for the month. Sales exceeded current manufacture; they were, however, 19 per cent less than in October, 25 per cent below those of November 1934, and 4 per cent under the ten-year average. United States production of the commodity showed trends similar to those of the Seventh district. Though prices rose 19 per cent in November over the month preceding, inventories of creamery butter in the United States were reduced more than is usual on December 1 from the beginning of November to a level 5,407,000 pounds below the 1930-34 average for the date.

The manufacture of American cheese in Wisconsin fell off 28 per cent in the four weeks ended November 30 from the preceding period, but was 12 per cent in excess of a year ago and 29 per cent above the 1930-34 seasonal average. Distribution of the commodity was within 3½ per cent of a month earlier and showed a gain not only of 25½ per cent over the corresponding weeks of 1934 but of 40½ per cent over the five-year average. Prices advanced about 6 per cent in November over those of October. Total inventories of cheese in the United States declined seasonally on December 1 from a month earlier and remained nearly 13,000,000 pounds above the 1930-34 average for this time of year.

## Industrial Employment Conditions

Employment and payrolls in Seventh district industries registered a further expansion during November, the former item rising 2½ per cent and the latter 2 per cent over the corresponding figures of a month earlier. These gains, contrary to the usual trend at this season, were contributed mainly by the vehicles group of industries which for the second successive month added a large number of workers with a corresponding increase in the amount of payrolls. Iron and steel industries, other than vehicles, also were responsible for a considerable share of the current gains, employment and payrolls in this group rising for the fourth consecutive month. Minor gains af-

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF NOVEMBER 15, 1935			CHANGE FROM OCT. 15, 1935	
	REPORT- ING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARN- ERS %	EARN- INGS %
Metals and Products¹	1,162	269,044	6,486	+2.6	+0.3
Vehicles	226	305,222	8,623	+8.4	+8.9
Textiles and Products	261	46,924	777	-2.4	-11.6
Food and Products	529	84,035	1,890	-1.5	+0.9
Stone, Clay, and Glass	148	10,946	231	-5.5	-6.7
Wood Products	328	33,105	609	-0.8	-4.9
Chemical Products	159	21,674	545	+1.0	+1.6
Leather Products	119	27,082	508	+1.6	+0.3
Rubber Products	23	11,058	267	-0.3	+1.8
Paper and Printing	490	58,592	1,481	+0.7	-0.1
Total Mfg., 10 Groups	3,445	867,682	21,417	+3.4	+2.9
Merchandising²	1,516	96,156	1,906	+0.7	+0.5
Public Utilities	109	81,409	2,495	+0.5	-2.8
Coal Mining	17	4,035	97	-3.9	-1.3
Construction	324	14,588	275	-14.3	-14.0
Total Non-Mfg., 4 Groups	1,966	195,988	4,773	-0.7	-2.2
Total, 14 Groups	5,411	1,063,670	26,190	+2.6	+1.9

¹Other than Vehicles. ²Illinois and Wisconsin.

fecting both employment and payroll volumes were recorded for the chemicals and the leather products groups; food and rubber products showed a moderate rise in payrolls, and the paper and printing group employed more workers. Although these gains were partially offset by the seasonal declines experienced in the textiles, stone-clay-and-glass, and wood products industries, increases for the manufacturing industries as a whole totaled 3½ per cent in employment and 3 per cent in wage payments. Among the non-manufacturing groups, only merchandising showed a rise in payrolls, while both this group and public utility concerns registered a slight increase in the number of workers employed. Coal mining recorded a slight recession following the substantial increases of the two preceding months. Losses in the construction industries were somewhat larger than seasonal in both workers and wage payments. For the combined non-manufacturing groups, employment totaled about one-half per cent and payrolls 2 per cent lower in November than in the preceding month.

## Manufacturing

### AUTOMOBILE PRODUCTION AND DISTRIBUTION

November production of automobiles was the heaviest on record for that month, showing a further substantial gain over the sharply increased output of October. Passenger cars and taxicabs produced numbered 338,425 in the month, which volume represented a rise of 58 per cent over the 214,609 cars manufactured a month previous and compared with only 49,020 last November—the low month of 1934. There were 59,599 trucks produced this November, or one per cent less than in the preceding month but comparing with 34,462 a year ago.

In line with the advanced production schedules this year, sales of new automobiles in this district by dealers and distributors recorded heavy counter-seasonal increases for the second successive month, and comparisons with a year ago showed even larger gains, especially at wholesale, as may be noted in the table. Stocks on hand followed the trend of sales. The number of used cars sold, however, declined in November from the preceding month and was only slightly above November last year; stocks were considerably larger than either a month previous or a year ago. Deferred payment sales comprised 41 per cent of the retail sales of dealers reporting the item, which ratio compares with 40 per cent in October and 52 per cent last November.

### IRON AND STEEL PRODUCTS

Activity in the steel industry of the Chicago district was maintained through November at a level approximating the satisfactory volume of the preceding month.

#### MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in November 1935 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	OCT. 1935	NOV. 1934	
<b>New Cars</b>			
Wholesale—			
Number Sold.....	+57.8	+546.6	20
Value.....	+58.6	+560.4	20
Retail—			
Number Sold.....	+45.2	+95.8	42
Value.....	+43.6	+105.4	42
On Hand November 30—			
Number.....	+43.2	+141.8	42
Value.....	+31.9	+174.2	42
<b>Used Cars</b>			
Number Sold.....	-6.7	+0.9	42
Salable on Hand—			
Number.....	+21.9	+36.4	42
Value.....	+26.8	+44.3	42

Although the automobile industry remained the chief source of new business, miscellaneous users of steel bought a sizable volume, and there was some expansion in orders from the railroads. Steel ingot output had reached a rate of 63½ per cent of capacity by the first of December, but dropped 4½ points in the following week to 59 per cent, seasonal influences being partly responsible for this recession; it had again increased by the middle of December to 61 per cent. Pig iron output in the Indiana and Illinois district continued to expand in November, rising 12 per cent in the daily average over the preceding month and being heavier than for any November since 1929. Quotations for the first quarter of next year on finished steel prices are practically unchanged from the last quarter of this year; scrap iron and steel prices receded in the middle of December.

New business booked by Seventh district casting foundries during November was considerably heavier than for several months previous, the tonnage gain over October amounting to 27 per cent for steel castings and to 37 per cent for malleable castings. Shipments and production, on the other hand, showed a reversal from an earlier upward trend, each item decreasing 15 per cent in the case of steel castings and 6 per cent for malleable castings. All items were substantially higher than a year ago at both types of foundries, the gains in steel castings ranging from 51 per cent in orders to 88 per cent in production, and in malleable castings from 47 per cent in shipments to 80 per cent in orders.

In the manufacture of stoves and furnaces the seasonal activity of the preceding three months came to a close in November, the recessions reported for this month amounting to 4 per cent in production, 18 per cent in orders accepted, and 20 per cent in shipments. Increases in these items over the corresponding period a year ago were somewhat larger in shipments and orders than those reported for October but slightly smaller in production.

### FURNITURE

In accordance with seasonal trend, orders booked and shipments of reporting furniture manufacturers in the Seventh district declined in November from the preceding month—by 10 and 21 per cent, respectively. They were, however, 64 and 46 per cent larger than in the corresponding month of 1934 and within ½ and 11 per cent of the 1927-34 average for the month. Shipments totaled less than the volume of new orders booked, so that despite a moderate amount of cancellations a slight increase took

#### LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	NOVEMBER 1935: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	OCT. 1935	NOV. 1934	
<b>Wholesale Lumber:</b>			
Sales in Dollars.....	-17.8	+54.9	11
Sales in Board Feet.....	-19.5	+32.5	9
Accounts Outstanding <sup>1</sup> .....	-15.7	+8.3	11
<b>Retail Building Materials:</b>			
Total Sales in Dollars.....	-27.8	+29.7	131
Lumber Sales in Dollars.....	-25.4	+30.3	60
Lumber Sales in Board Feet.....	-32.5	+43.7	29
Accounts Outstanding <sup>1</sup> .....	-6.7	+8.4	123
Ratio of Accounts Outstanding <sup>1</sup> to Total Dollar Sales during Month			
	Nov. 1935	OCT. 1935	Nov. 1934
Wholesale Trade.....	153.3	149.6	219.4
Retail Trade.....	296.8	228.7	356.6

<sup>1</sup>End of Month.

place in unfilled orders at the end of November, while the ratio of this last item to current orders rose from 77 per cent for October to 87 per cent for November; last year it was but 66 per cent for the month. Unfilled orders were more than double those of November a year ago. The rate of operations averaged 70 per cent of capacity in the current period, as compared with 72 per cent a month previous and only 52 per cent for last November.

#### SHOE MANUFACTURING, TANNING, AND HIDES

A somewhat less than normal seasonal decline was indicated for November by preliminary reports covering the Seventh district shoe industry, manufacturing activity slowing down 12 per cent from a month earlier. This recession compares with an average October to November decline of 17 per cent in the ten years 1925-34. Final returns for the month of October this year were in line with earlier reports, production increasing 8 per cent over September and 12 per cent over the corresponding month a year ago. In the tanning industry, production and sales of leather declined in November, but prices were fairly well maintained at the levels reached a month previous. Hide quotations, on the other hand, receded from the advanced positions attained during October and in many cases were the same in the first week of December as two months earlier. Trading in packer green hides in the Chicago market was in good volume during November but somewhat less active than in recent months.

#### Building Materials, Construction Work

Demand for building materials showed the usual seasonal decline for November, with sales in most lines continuing substantially heavier than those of a year ago. The decrease in sales of lumber by wholesale and manufacturing concerns of the district was only slightly more as measured in dollar value than the 15 per cent average October to November decline in the years 1925-34, but was considerably more in board-foot volume than the 10 per cent seasonal loss for this unit. At retail yards, total sales as well as those of lumber alone followed closely the trend of the seasonal average, lumber sales as usual showing a sharper drop in board-foot than in dollar volume owing to the higher-priced quality of lumber that is generally used by the construction industry at this season. While outstanding accounts both for retail and wholesale concerns were reduced materially during the month, their ratio to total sales rose above that of a month earlier. Shipments of brick and cement also shared in the general decline for the month, although the decrease in the former material is reported to have been smaller than that which took place at this time a year ago. It is reported that a slight reduction was made in the price of cement delivered at certain points within the district.

#### WHOLESALE TRADE IN NOVEMBER 1935

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCOUNTS OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCOUNTS OUTSTANDING	COLLECTIONS	
Groceries.....	-4.0	-1.4	-17.6	-1.3	93.2
Hardware.....	+33.1	+12.5	+15.4	+24.8	171.8
Drugs.....	+2.3	+3.8	-5.7	+7.2	182.9
Electrical Supplies.....	+32.5	+24.5	+12.5	+42.0	142.1

#### BUILDING CONSTRUCTION

A seasonal decline in building activity in the Seventh Federal Reserve district was shown in the dollar volume of contracts awarded during November. With the exception of October, however, total contracts amounting to more than 29 millions were greater than for any month since December 1933. Residential awards also declined in November and were the smallest since last April.

#### BUILDING CONTRACTS AWARDED\* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
November 1935.....	\$29,211,422	\$4,886,118
Change from October 1935.....	-19.5%	-22.4%
Change from November 1934.....	+90.7%	+163.1%
First eleven months of 1935.....	\$267,453,050	\$51,689,212
Change from same period 1934.....	+16.6%	+105.7%

\*Data furnished by F. W. Dodge Corporation.

Reports from 102 cities in this district on building permits issued during November also reflected a declining trend. The estimated cost of proposed construction dropped 36 per cent from October but was 86 per cent above the level of a year ago. The number of permits issued during the month declined 36 per cent from the preceding month, though increasing 50 per cent over November 1934. The five larger cities in the district followed the district trend in both estimated cost and number of permits with the exception of Indianapolis which recorded a 19 per cent decrease from last year in the number of permits issued.

#### Merchandising

Conditions during November varied among the several reporting wholesale lines in the Seventh district. Grocery sales, declining 14 per cent in the period, showed a greater than seasonal recession; the decrease of 8 per cent in the drug trade was about normal for November; the decline of 11 per cent in hardware was smaller than usual; while an increase of one per cent in electrical supply sales contrasted with a recession of 5 per cent in the average for November. Similarly, comparisons with a year ago showed varied trends: the gain of 33 per cent in the hardware trade was the heaviest for 1935 to date, in fact, the largest in the yearly comparison since April 1934; the increase of 32½ per cent in electrical supplies approximated that recorded in the preceding month; drugs showed a gain of only 2 per cent—the smallest since March; and grocery sales were 4 per cent less than a year ago. For the eleven months of 1935, sales aggregated 3, 7, 22, and 25 per cent larger than in the same months of

#### DEPARTMENT STORE TRADE IN NOVEMBER 1935

Locality	PER CENT CHANGE NOVEMBER 1935 FROM NOVEMBER 1934		PER CENT CHANGE FIRST ELEVEN MONTHS 1935 FROM SAME PERIOD 1934	RATIO OF NOVEMBER COLLECTIONS TO ACCOUNTS OUTSTANDING END OF OCTOBER	
	NET SALES	STOCKS END OF MONTH	NET SALES	1935	1934
Chicago.....	+10.1	+4.9	+4.5	33.4	33.2
Detroit.....	+23.5	+0.4	+9.8	49.0	45.0
Indianapolis.....	+11.6	-6.8	+11.2	45.2	43.5
Milwaukee.....	+13.3	+1.1	+6.9	41.0	38.8
Other Cities.....	+18.2	+8.1	+9.2	38.1	33.7
7th District.....	+14.5	+3.1	+7.0	40.6	38.1



1934 in groceries, drugs, hardware, and electrical supplies, respectively. Accounts-sales ratios rose during November over a month previous in all groups, but were lower than those of last November.

A counter-seasonal expansion of 3 per cent was recorded for November in Seventh district department store trade. Sales in Milwaukee and Indianapolis stores totaled one and 8½ per cent smaller than in October, but those of Chicago and Detroit stores rose 4 and 9 per cent, respectively, and aggregate sales of firms in smaller cities increased 3 per cent. The gain of 14½ per cent for the district over last November was the largest in the yearly comparison since December 1934. From the table it may be seen that Detroit recorded the most favorable trend over a year ago and that Chicago had the smallest increase. Stocks on hand at the end of November were 4 per cent heavier than a month previous, which gain is larger than usual for the month, and they totaled 3 per cent above those at the same time last year. The rate of turnover, however, continued to be greater than a year ago. Collection ratios remained higher than those of 1934.

Retail shoe sales declined fractionally in November from the preceding month, or contrary to trend for the period. Sales totaled 24 per cent above those of last November, however, and for the eleven months of this

year were 9 per cent larger than in the corresponding period of 1934. Little change took place in stocks from a month previous, and they were 6 per cent in excess of those a year ago.

The decrease of 5 per cent shown in November from October in aggregate sales of furniture and house furnishings by reporting dealers and department stores, was less than seasonal, comparing with a recession of 10 per cent in the 1927-34 average for November. A gain of 35 per cent was shown in sales over last November—the largest in the yearly comparison since April 1934. Sales by dealers recorded a heavier loss from a month previous than did those of department stores; on the other hand, they showed a greater increase over a year ago than the latter. Stocks exceeded those of a month earlier by 3 per cent and were 2 per cent above those held at the close of November 1934.

Ten chains operating 1,517 stores in November had sales totaling 2 per cent in excess of those in October and 9 per cent heavier than a year ago. In the monthly comparison, only five-and-ten-cent store and men's clothing chains contributed to the aggregate gain, drug, cigar, and musical instrument chains recording declines. As compared with last November, musical instrument sales alone were smaller.

## MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the months indicated using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	Nov. 1935	Oct. 1935	Sept. 1935	Aug. 1935	July 1935	June 1935	Nov. 1934	Oct. 1934	Sept. 1934	Aug. 1934	July 1934	June 1934
<b>Meat Packing—(U. S.)—</b>													
Sales (in dollars).....	47	87	94	86	84	82	83	71	79	77	75	68	69
<b>Casting Foundries—</b>													
Shipments:													
Steel—In Dollars.....	12	42	47	39	38	33	27	24	27	29	42	40	41
In Tons.....	12	41	47	39	37	32	25	25	26	31	46	44	44
Malleable—In Dollars.....	21	42	45	37	36	38	39	29	26	24	27	25	32
In Tons.....	21	62	66	56	53	55	57	43	38	34	40	36	48
<b>Stoves and Furnaces—</b>													
Shipments (in dollars).....	10	205	258	197	132	100	117	144	192	140	85	64	84
<b>Furniture—</b>													
Orders (in dollars).....	12	57	62	61	61	74	43	35	41	41	39	43	20
Shipments (in dollars).....	12	54	68	64	56	44	39	38	43	40	38	28	25
<b>Flour—</b>													
Production (in bbls.).....	19	86	122	98	94	85	87	101	117	106	102	82	94
<b>Output of Butter by Creameries—</b>													
Production.....	59	74	94	112	132	153	173	98	125	133	152	150	152
Sales.....	61	98	121	107	130	134	141	130	127	120	140	132	136
<b>Wholesale Trade—</b>													
Net Sales (in dollars):													
Groceries.....	28	69	81	86	77	78	74	73	77	76	78	67	83
Hardware.....	11	76	86	75	71	71	76	57	65	59	57	54	62
Drugs.....	12	75	81	76	77	70	70	69	77	68	69	59	63
<b>Retail Trade (Dept. Stores)—</b>													
Net Sales (in dollars):													
Chicago.....	27	85	81	73	63	55	76	77	79	75	66	51	71
Detroit.....	5	101	92	110	74	58	78	81	76	98	69	50	76
Indianapolis.....	4	93	101	95	77	64	79	83	85	96	70	51	71
Milwaukee.....	5	94	95	80	69	59	75	83	89	76	63	52	68
Other Cities.....	40	88	85	72	70	53	72	74	75	68	62	45	64
Seventh District—Unadjusted.....	81	89	86	81	68	56	76	78	79	79	66	50	71
Adjusted.....	81	81	78	79	85	78	77	71	72	77	82	70	72
<b>Automobile Production—(U. S.)—</b>													
Passenger Cars.....		116	73	20	62	94	101	17	29	43	63	76	89
Trucks.....		158	160	86	153	162	172	92	127	119	136	111	120
<b>Building Construction—</b>													
Contracts Awarded (in dollars):													
Residential.....		17	22	21	17	20	26	6	8	8	7	7	9
Total.....		43	53	43	42	38	34	22	34	29	23	28	30
<b>Iron and Steel—</b>													
Pig Iron Production:*													
Illinois and Indiana.....		79	71	68	65	53	59	34	33	34	42	45	66
United States.....		70	65	60	58	50	53	33	31	31	35	40	66
Steel Ingot Production—(U. S.).....		91	87	85	81	66	67	47	41	38	38	45	88

\*Average daily production.

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Board of Governors of the Federal Reserve System)

**I**NDUSTRIAL production and employment, which usually decline at this season, showed little change from October to November. Distribution of commodities to consumers increased more than seasonally.

### PRODUCTION AND EMPLOYMENT

The Board's seasonally adjusted index of industrial production advanced from 95 per cent of the 1923-1925 average in October to 97 per cent in November. Output of industries producing durable goods continued to increase substantially in November, while activity in most other industries declined somewhat. Output of steel increased further during November to a higher rate than in any previous month this year and this high level was maintained during the first three weeks of December. Automobile production in November continued the sharp increase which began after the change to new models in September. Activity at silk mills and at woolen mills declined.

Factory employment and payrolls, which usually decline from the middle of October to the middle of November, showed little change for that period this year. Increases in employment were reported for the automobile, iron and steel, machinery, railroad car, and cotton textile industries and at railroad repair shops. There were larger than seasonal declines at sawmills, shoe factories, silk and rayon mills, and establishments producing wearing apparel.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, continued to increase in November and the first half of December. There was a decline, largely seasonal, in residential building, while other types of construction showed an increase.

### AGRICULTURE

Crop production in 1935, according to final estimates by the Department of Agriculture, showed an increase of about 20 per cent in volume over the drought year of 1934, and the farm value of 64 crops amounted to \$5,120,000,000 compared with \$4,780,000,000 last season. The cotton crop, which has been reduced in recent months by bad weather, is now estimated at 10,734,000 bales compared with the exceptionally small output of 9,636,000 bales in 1934. Cash farm income from marketings of crops and livestock and from Government rental and benefit payments is estimated at about \$6,800,000,000 for the calendar year 1935, as compared with \$6,387,000,000 last year.

### DISTRIBUTION

Freight-car loadings decreased by less than the usual seasonal amount during November, reflecting principally a smaller decline in shipments of miscellaneous freight than is customary at this time of year. Value of department store sales, on a daily average basis, increased from October to November.

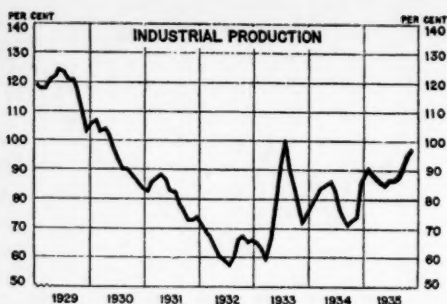
### COMMODITY PRICES

The general level of wholesale commodity prices, after a decline during October, increased during November and showed little change during the first two weeks of December.

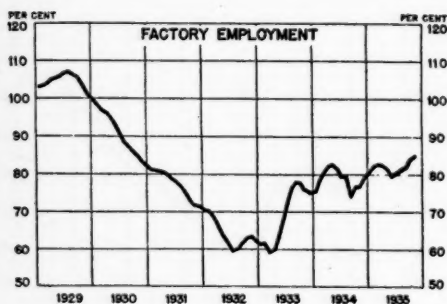
### BANK CREDIT

Excess reserves of member banks, which had increased to a new high level of \$3,310,000,000 on December 11, largely as the result of continued gold imports, declined considerably during the week ending December 18, as a consequence of seasonal demands for currency and a large increase in Treasury balances with the Federal Reserve banks, in connection with mid-December fiscal operations.

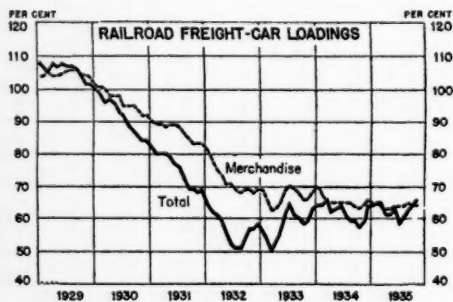
Changes in condition of reporting banks in 101 leading cities during the four weeks ending December 18 reflected principally the influence of new Government financing. These banks showed increases of \$310,000,000 in holdings of United States Government securities, of \$110,000,000 in loans to brokers and dealers in securities, and of \$200,000,000 in United States Government deposits. Adjusted demand deposits showed a further growth of \$270,000,000 in the three weeks ending December 11 and declined by \$250,000,000 in the following week, as a result of withdrawals for holiday currency demands, income tax payments, and the purchase of new Government securities.



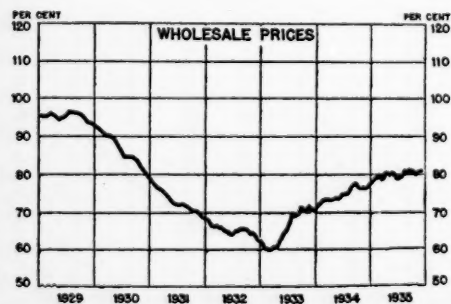
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average = 100.)



Index of factory employment, adjusted for seasonal variation. (1923-1925 average = 100.)



Indexes of daily average number of cars loaded, adjusted for seasonal variation. (1923-1925 average = 100.)



Index of United States Bureau of Labor Statistics. (1926 = 100.) By months 1929 to 1931; by weeks 1932 to date. Latest figure is for week ending December 14, 1935.



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